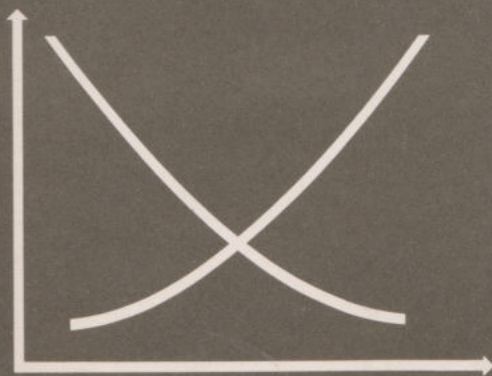




Economy and Society

Notes and Exercises



GUIDE TO UNITS 10-13

Unit	Title	Reader Articles	Set book reading	Other reading	TV Programme and Date	Radio Programme and Date
10	Economic Wants	Marshall <i>Utility and Demand</i> Galbraith <i>The Dependence Effect</i>	Fleming <i>Introduction to Economic Analysis</i> Chapter 8	Samuelson <i>Economics: an Introductory Analysis</i> Chapter 21	Demand curves 19.3.72 (0930) 24.3.72 (1905)	The consumer and the market 21.3.72 (1805) 26.3.72 (0900) Refocus 5 21.3.72 (1855)
11	Production and Supply	Turvey <i>How Rational Economic Decisions are made</i> Schumpeter <i>The Process of Creative Destruction</i>	Fleming <i>Introduction to Economic Analysis</i> Chapters 9-12		Production costs and supply 26.3.72 (0930) 7.4.72 (1905)	Costs and size 28.3.72 (1805) 9.4.72 (0900)
12	Markets and Prices	Phelps Brown and Wiseman <i>The Pricing System and Resource Allocation</i> Nove <i>The Soviet Economy: Micro-economic Problems</i>	Fleming <i>Introduction to Economic Analysis</i> Chapters 13-17		Market equilibrium 9.4.72 (0930) 14.4.72 (1905)	Review and revision 11.4.72 (1805) 16.4.72 (0900) Refocus 6 11.4.72 (1855)
13	The Sociology of Economic Behaviour	Matsushima <i>Labour-management Relations in Japan</i> Roy <i>Making-out: A Counter-System of Workers' Control of Work Situation Relationships</i>	Worsley <i>Introducing Sociology</i> Chapter 5 Chinoy <i>Society</i> Chapter 12		The sociology of economic behaviour 16.4.72 (0930) 21.4.72 (1905)	Social factors in the Japanese economy 18.4.72 (1805) 23.4.72 (0900)
				CMA D100 04 Due date 5 May 1972 TMA D100 43 Due date 12 May 1972		

Tutor Marked Assignment

The Open University

Social Sciences: A Foundation Course

TMA D100 04 (covering Units 10 – 13)

Please return your completed assignment to your course tutor to arrive by 5 May 1972.

Do not send it in more than seven days before this date.

Completing your TMA

Use A4 size paper for your written assignment, and put your name, student serial number and assignment number at the top of every sheet.

Sending in your TMA

Please refer to the *BA Degree Handbook 1972* for full information about the submission of assignments, and guidance on the procedures to be followed if you fall behind with your work.

When you have completed your written assignment fill in Section 1 of the five-part CT3 form, taking particular care to enter your student serial number and the assignment number correctly.

The completed assignment together with the CT3 form should be returned in the envelope provided to your course tutor for marking. Before mailing make sure that you have put your name, student serial number and assignment number on the envelope in the spaces provided.

If you are not fully familiar with the instructions for completing the CT3 form, read the section 'Tutor-marked Assignments (TMAs)' in the *BA Degree Handbook 1972*, starting at page 159.

TMA D100 04

Units 10–13

Please write an essay of *not more than 1,000 words* on one of the topics listed below.

Unit 10

Adam Smith found it a paradox that, although water is essential to life and has great 'value in use' (his term for 'utility'), it is usually very cheap or even free of charge, whereas diamonds, which are obviously inessential luxuries in comparison with water, are very expensive. How would you explain the paradox?

Unit 11

'Profit is the difference between what a firm gets from its sales and what it pays out in production expenses.' Show why this is an unsatisfactory definition of profit, and see if you can suggest a better one.

Unit 12

Explain the importance of the demand curve in showing how, in theory, a monopolist determines his equilibrium price and output.

Unit 13

Why are sociologists interested in the division of labour in society? Write an answer which uses concepts (not necessarily equally) from both sociology and economics.

Computer-marked Assignment

The Open University
Social Sciences: A Foundation Course
CMA D100 43 (covering Units 10–13)

Please return the CMA form for this assignment to arrive at the Open University by 12 May 1972.

Make sure that you know how to use the CMA form, the instructions are given in the *BA Degree Handbook 1972*.

Complete Part 1 of the CMA form for this assignment:

- 1 Write your serial number, the assignment number, the date, and your name, initials and address, in the left-hand box.
- 2 Pencil out the cells corresponding to your student serial number in the serial number box.
- 3 Pencil out the cells corresponding to this assignment number (as shown alongside) in the assignment number box.

ASSIGNMENT NUMBER							
A	A	A	0	0	0	0	0
D	D	0	0	1	1	1	1
M	M	M	2	2	2	2	2
S	S	S	3	3	3	3	0
E	E	E	4	4	4	0	4
T	T	T	5	5	5	5	5
			6	6	6	6	6
			7	7	7	7	7
			8	8	8	8	8
			9	9	9	9	9

Make a note of the time now

.....

BLOCK U

In this block one or more of the alternatives may be correct.

Classify the following statements as (A) true, (B) false, or (C) undecidable

- U1 Most workers are more interested in job satisfaction than in the level of earnings
- U2 British trade unions exert a powerful influence on the development of group norms among their members
- U3 The Luddites' problem was a social as well as an economic one
- U4 Relatively few workers seek to maximise their earnings, regardless of other considerations
- U5 Labour relations between Japanese employers and their workers are relatively stable because of good management
- U6 Entrance to some British craft unions is on a basis of ascription
- U7 The word 'ownership' implies unrestricted rights over the property owned

BLOCK U												
ANSWER							COMMENT 1					
1	A	B	C	D	E	F	G	a	b	c	d	
2	A	B	C	D	E	F	G	a	b	c	d	
3	A	B	C	D	E	F	G	a	b	c	d	
4	A	B	C	D	E	F	G	a	b	c	d	
5	A	B	C	D	E	F	G	a	b	c	d	
6	A	B	C	D	E	F	G	a	b	c	d	
7	A	B	C	D	E	F	G	a	b	c	d	
COMMENT 2							COMMENT 3					
	a	b	c	d	e	f	g	a	b	c	d	

BLOCK V												
ANSWER							COMMENT 1					
1	A	B	C	D	E	F	G	a	b	c	d	
2	A	B	C	D	E	F	G	a	b	c	d	
3	A	B	C	D	E	F	G	a	b	c	d	
4	A	B	C	D	E	F	G	a	b	c	d	
5	A	B	C	D	E	F	G	a	b	c	d	
6	A	B	C	D	E	F	G	a	b	c	d	
7	A	B	C	D	E	F	G	a	b	c	d	
COMMENT 2							COMMENT 3					
	a	b	c	d	e	f	g	a	b	c	d	

BLOCK V

In this block one or more of the alternatives may be correct.

Classify the following statements as (A) true, (B) false or (C) undecidable

- V1 There is no well-defined dividing line between situations which are the province of the economist and those which concern the sociologist
- V2 The idea that property is theft is not based on any logical considerations

BLOCK W

In each of these questions, only one of the five alternatives is correct.

W1 The 'Law of Diminishing Marginal Utility' says that:

- A the more you have of a particular commodity, the less total satisfaction you get from it
- B the more you consume of a particular commodity, the sooner you are likely to lose your taste for it after a time
- C ☒ the more you have of a commodity, the less the satisfaction that you will get from having an additional unit of it
- D the more you have of a commodity, the fewer the additional uses to which it can be put
- E the more you consume of a commodity, the lower its price will be

W2 A market demand curve shows:

- A the quantities of a good which consumers actually bought at different prices over a period of time
- B the quantities that consumers would buy at each of the possible prices they might be asked to pay
- C the quantities of goods which were sold at various prices during the recent past
- D the reactions of consumers to changes in the quality of the product
- E the quantity of output on which producers could make a profit

W3 The fact that demand curves usually slope downwards from left to right shows that:

- A the lower the price, the smaller the quantity consumers will buy
- B producers are willing to take a lower price in order to sell larger quantities
- C the purchasing-power of money is falling as output increases
- D the lower the price of the commodity, the larger the quantity consumers will want to buy
- E consumers are not prepared to pay high prices for mass-produced goods, but would pay more for high-quality goods whose output is smaller

W4 According to the principle of 'equi-marginal returns', a consumer will maximise his total satisfaction if he:

- A buys equal quantities of all commodities
- B spends the same amount of money on each commodity
- C distributes his spending between the various commodities in such a way that the satisfaction he gets from the last unit of each commodity is the same as that derived from the last unit of any other commodity
- D distributes his spending in such a way that the last penny spent on any particular commodity yields the same satisfaction as the last penny spent on any other
- E distributes his spending in such a way that the total satisfaction yielded by one commodity is the same as that derived from any other

W5 An individual's 'wealth' is:

- A another word meaning his income
- B the total of his assets of all kinds, minus his debts
- C the total amount of money in his possession
- D the total value of his material possessions
- E the same as D, plus his ability to earn money in the future

W6 Suppose that the price-elasticity of demand for British exports on the world market is 2. Then if British export goods' prices go up 1%, while other countries' prices remain unchanged:

- A the demand for British exports will be cut by half
- B the supply of exports will rise by 2%
- C the value of exports sold will fall by 1%
- D the value of exports sold will be unchanged, because any fall in quantity, will be offset by the increase in prices
- E the quantity of British exports demanded by the rest of the world will fall by 2%

W7 If the demand for commodity X goes up when the price of Y goes down, then:

- A the two goods are 'complementary'
- B X is an 'inferior' good

BLOCK W											
ANSWER						COMMENT 1					
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
A	B	C	D	E	F	G	a	b	c	d	
COMMENT 2						COMMENT 3					
a	b	c	d	e	f	g	a	b	c	d	

- C the two goods are substitutes
- D the two goods must be by-products of one another
- E it is merely a coincidence

BLOCK X

In each of these questions, only one of the five alternatives is correct.

X1 'Diminishing returns' occur when:

- A more and more of all the factors of production are used in producing a given commodity
- B the factors of production gradually become less efficient in the course of time
- C production falls, in spite of the fact that more labour, capital etc., are being used
- D more and more units of one factor are used in conjunction with fixed quantities of the other factors
- E the price of a commodity has to be reduced as more and more of it is put on the market

X2 'Marginal cost' is:

- A another term for 'variable' cost
- B the cost of increasing total output by an additional unit
- C the extra cost of production which arises when wages are increased or the prices of raw materials go up
- D the increase in average production cost which occurs when output is increased
- E the additional amounts of money which consumers have to pay when prices increase

X3 A firm's 'fixed costs' of production:

- A usually become smaller as output increases
- B are those which do not change over time, for example when the price of materials is fixed by a long-term contract with the suppliers
- C are those which remain the same per unit of output whatever the quantity the firm is producing
- D are the costs of maintaining output at a fixed level
- E become smaller and smaller per unit of output, the larger the quantity of output

X4 The profit made by a firm:

- A does not count as a cost of production, because it is what remains when all production costs (e.g. wages, bills for raw materials, etc.) have already been met
- B counts as a cost of production, because the firm would not stay in business if it could not make a profit
- C is a cost of production up to some minimum amount needed to induce the firm to stay in business, but not in so far as it exceeds that minimum
- D does not count as a cost, because it is paid to shareholders who do nothing apart from drawing their dividends
- E counts as a cost, because the shareholders would not have provided the money to start the business in the first place if they had not been attracted by the prospect of future dividends

X5 Suppose a firm can sell any amount of its product at a price of £1 a unit. Then in order to make the largest possible total profit, it should:

- A produce as much output as it possibly can
- B produce the quantity of output at which average cost is at its lowest level
- C produce the quantity of output at which marginal cost is at its lowest level
- D produce the largest output at which average cost is not greater than £1
- E produce the largest output at which marginal cost is not greater than £1

X6 A market supply curve shows:

- A for each possible level of output, the minimum price at which that output would be put on the market by the sellers of the commodity
- B for each possible level of output, the price at which sellers can sell the whole of their output
- C the average cost of production at each possible level of output
- D that as production increases, profits rise because firms are able to sell their output at higher prices
- E for each level of output, the price at which all firms would just cover production costs

X7 When equilibrium exists in a perfectly competitive market:

- A no firm can be making more than the minimum profit needed to induce it to stay in business

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- B the marginal firm will be producing at minimum average cost
- C all firms will be producing at minimum average cost
- D the marginal firm will not be making any profit, but other firms will be doing so
- E if the marginal firm is efficient enough, it will be making more than the minimum amount of profit

BLOCK X											
ANSWER						COMMENT 1					
1	A	B	C	D	E	F	G	a	b	c	d
2	A	B	C	D	E	F	G	a	b	c	d
3	A	B	C	D	E	F	G	a	b	c	d
4	A	B	C	D	E	F	G	a	b	c	d
5	A	B	C	D	E	F	G	a	b	c	d
6	A	B	C	D	E	F	G	a	b	c	d
7	A	B	C	D	E	F	G	a	b	c	d
COMMENT 2						COMMENT 3					
	a	b	c	d	e	f	g	a	b	c	d

BLOCK Y

In each of these questions, only one of the five alternatives is correct.

Y1 If excess demand exists in the market for a particular good then:

- A some sellers are dissatisfied
- B the market price is below equilibrium
- C the government will have to ration supplies
- D the market price is above equilibrium
- E both buyers and sellers are dissatisfied

Y2 If the demand for a particular good decreases and the supply for that good is not very sensitive to a change in price:

- A the equilibrium price of the good will rise
- B the equilibrium price will rise, but by a greater proportion than the fall in output
- C the equilibrium price will fall, but by a greater proportion than the fall in output
- D the equilibrium price will stay the same
- E the proportionate fall in output will be greater than the proportionate fall in price

- Y3 The basic difference between a monopolist and a perfectly competitive firm in their profit-maximising behaviour is:
- A only the perfectly competitive firm produces up to the point where marginal cost equals marginal revenue
 - B only the monopolistic firm produces up to the point where marginal cost equals marginal revenue
 - C a monopolistic firm does not need to maximise profits
 - D only the monopolistic firm is interested in the elasticity of demand for its product
 - E only the perfectly competitive firm will produce at its lowest cost point
- Y4 Which of the following characteristics are likely to be found in an oligopolistic market:
- A a large number of firms producing goods which are not perfect substitutes
 - B a large amount of price competition
 - C international affairs having an influence over economic behaviour
 - D only one domestic firm but competition from foreign companies
 - E a great deal of non-price competition through advertising, free gifts, etc.
- Y5 In seeking to maximise its profits a firm produces until marginal cost equals price. This means:
- A the firm concerned is in a perfectly competitive industry
 - B marginal revenue must be below price
 - C the firm concerned is in a monopolistic industry
 - D marginal revenue must be above price
 - E marginal cost must be below marginal revenue
- Y6 Which of the following do you consider to be objections to the argument that the price system produces an efficient allocation of resources:
- A the existence of perfect competition

- B the fact that prices reflect social costs rather than private costs
- C the fact that people earn different amounts of money
- D the existence of monopoly
- E the fact that prices are rising too quickly
- Y7 B.O.A.C. only charges customers the *private* costs of flying from London to New York. Which of the following costs can it therefore ignore?
- A the cost of insuring the aircraft
- B the cost of double-glazed windows to the houses of people living near the airport
- C the cost of landing at the airport as fixed by the airport authorities
- D the cost of paying the staff 'danger money' for flying on routes to the Middle East
- E the cost of advertising the safety of their airline

BLOCK Y											
ANSWER						COMMENT 1					
1	A	B	C	D	E	F	G	a	b	c	d
2	A	B	C	D	E	F	G	a	b	c	d
3	A	B	C	D	E	F	G	a	b	c	d
4	A	B	C	D	E	F	G	a	b	c	d
5	A	B	C	D	E	F	G	a	b	c	d
6	A	B	C	D	E	F	G	a	b	c	d
7	A	B	C	D	E	F	G	a	b	c	d
COMMENT 2						COMMENT 3					
	a	b	c	d	e	f	g	a	b	c	d

BLOCK Z

In this block one or more of the alternatives, but never more than three, may be correct.

- Z1 Which of the following categories of housewife shoppers (as described in Unit 13) would be least likely to patronise a local shop with a pleasant proprietor who sells everything at the manufacturers' recommended price?
- A economic
- B personalising
- C ethical
- D apathetic
- Z2 Which of the following statements do you consider to be correct?

- A Family-based economic specialisation is frequently found in 'developing' societies
 - B When at work Mr Smith is not the same person as Mr Smith at home
 - C The 'net advantages' of a job are not influenced by family considerations
 - D A high proportion of employed women are mothers of small children
 - E In nearly all regions of Britain equally high proportions of women go out to paid employment
 - F Small businesses are often family based because relatives are honest with each other
- Z3 Which of the following statements are true of most Japanese trade unions?
- A Union leaders usually are elderly
 - B In most firms several unions combine to represent the employees
 - C Unions provide many welfare services
 - D Manual workers' pay increases with age
 - E Unions engage in political strikes
 - F Workers are sacked if their productivity record is not good
- Z4 Which of the following statements are broadly true?
- A The economist uses the term 'value' in a broader sense than the sociologist
 - B The values of the educational system are identical with those of the economic system
 - C Large firms always enforce contracts with some vigour
 - D Gifts are never completely free
 - E Economics with different kinds of social values may have equally high growth rates
 - F There is probably some connection between high economic growth rates and prevalent social values
- Z5 Which of the following statements do you consider to be true about most economists and most sociologists?

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- A They are both interested in patterns of industrial behaviour
- B Economists fail to realise that man does not live by bread alone
- C 'Other things equal' when used by economists refers only to other economic things
- D Economists are not interested in the 'ownership and control' question
- E Sociologists are only interested in people, not in industry and production
- F The roles of a university teacher of economics or of sociology are both ascribed

Z6 Which of the following statements is definitely untrue?

- A A successful occupation first achieves high prestige, and high pay then follows
- B Work relationships are based on affective-neutrality
- C For male manual workers family life has been becoming less important
- D Craft manual unions and the legal profession use exactly the same devices to limit entry
- E Management usually oppose all 'informal' group norms among employees
- F Trade unions pursue some goals which are not purely economic

Z7 Which of the following statements do you consider to be true?

- A Managers are not interested in their company's profits unless they own a sizeable percentage of its shares
- B If I buy the freehold of a house I do not normally acquire the right of disposition
- C If I rent a car I acquire rights similar to usufruct
- D Property rights are basically similar in a wide range of societies
- E Major social change rarely affects private property
- F People of most different political persuasions agree on the importance of property

BLOCK 2

ANSWER										COMMENT 1			
1	A	B	C	D	E	F	G	a	b	c	d		
2	A	B	C	D	E	F	G	a	b	c	d		
3	A	B	C	D	E	F	G	a	b	c	d		
4	A	B	C	D	E	F	G	a	b	c	d		
5	A	B	C	D	E	F	G	a	b	c	d		
6	A	B	C	D	E	F	G	a	b	c	d		
7	A	B	C	D	E	F	G	a	b	c	d		
COMMENT 2								COMMENT 3					
	a	b	c	d	e	f	g	a	b	c	d		

Make a note of the time now

Now answer the general questions on the assignment by pencilling out one cell for each of the Questions 4, 5 and 6 on Part 3 of your CMA form.

You have now completed this assignment. Please check your entries on Parts 1, 2 and 3 of your completed form. Make sure there are no unintended marks on the form.

Carefully fold your completed form in half along the dotted line and post it in the envelope marked 'Computer-marked Assignment' to arrive at the Open University by 12 May 1972.

D100

A GENERAL NOTE ON THE ECONOMICS UNITS (10-12)

Unit 3 (*The Economic Basis of Society*) gave a brief outline of the working of a 'market economy', showing how the prices of commodities are determined by the forces of supply and demand (see p.73 of Unit 3). The next three units discuss this theme in more detail; Unit 10 concentrates on demand, Unit 11 on supply, and Unit 12 on the markets in which they interact.

Many of last year's students found these units harder going than the earlier ones. This is because economics involves a good deal of deductive reasoning; it presents chains of argument which have to be followed step by step, with frequent reference back to earlier stages. It also makes use of diagrams which require careful scrutiny, and the units may therefore take longer to read than you might have expected from their length. If you find yourself spending more time in going through them than you did with some earlier units, do not jump to the conclusion that economics is too tough; the change in pace is due to the nature of the subject, not to any shortcomings on your own part.

Because the correspondence units take some time to digest, they are the *only* essential reading during these weeks. Other references (e.g. to textbooks and Reader extracts) are merely to provide alternative versions of the material, which you can consult if you think it useful; they also provide further reading for those who do, after all, find the units easy going and have time for something else. But they are to be regarded as purely optional. People vary a good deal in their aptitude for learning economics, partly because of its affinity with mathematics; if you unluckily find yourself to be among those who are somewhat allergic to it, confine yourself to working through the correspondence unit only.

At various points in the correspondence text you will come across a coloured band marked 'Test' (like that on page 14 of Unit 10). This indicates that you should turn to the Self-assessment Questions in this volume and try the test whose number is given on the coloured band; this will help you to check on the extent to which you have digested the unit up to that point. Compare your own answers with those given at the end of each set of tests.

In some places, you will find references $\square$, $\square$, etc. These indicate mathematical notes at the end of each unit's main text. Some students (for example, those also doing the Foundation Course in Mathematics, or those with previous mathematical knowledge) will, we hope, find them helpful. But they are not essential reading; if you do not care for algebra, you can safely ignore them.

A 'bibliography' appears at the end of each unit, listing the various books which have been mentioned in the course of it. The bibliographies are for reference only, and are not part of the recommended reading.

The television programmes for Units 10-12 cover some of the subject-matter of the correspondence units, concentrating on the use of diagrams. *Do not try to take notes on the TV programmes.* The main diagrams which appear in them are reproduced in the TV Notes included in this volume; if you try to copy them from the screen you will find that you have merely recorded something already in your possession, and meanwhile you will have lost the thread of the argument. Remember, too, that both TV and radio are ancillary to the correspondence units, and that the latter are the essential parts of the week's work.

D100

Unit 10

ECONOMIC WANTS

- 1 The first diagram that you will encounter in the correspondence text is the demand curve of figure 10.1. If the derivation of this curve from the table on page 11 is not quite clear, we would advise you to construct your own demand curve from the same figures. If possible, use a ruler and graph paper when drawing the curve.

The TV programme will present a further example of constructing a diagram. This diagram, together with the relevant table, is reproduced in the TV Notes where you are invited to draw a demand curve from the table, before seeing the programme.

- 2 On 'demand curves and elasticity' read Fleming, chapter 8.

On 'utility' read Samuelson, chapter 21.

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The TV programme will present a further example of constructing a diagram. This diagram, together with the relevant table, is reproduced in the TV Notes where you are invited to draw a demand curve from the table before seeing the programme.

On 'Demand curves and elasticity', read Planning chapter 8.

On 'Utility' read Introduction, chapter 11.

D100

Unit 11

PRODUCTION AND SUPPLY

- 1 As supporting reading, you are referred to Fleming's *Introduction to Economic Analysis*, chapters 9-12. In the Reader, you will find extracts from Turvey and Schumpeter. The first discusses the economics of costs from a rather different angle from the one in the basic text, and to some extent links up cost and demand considerations. The second presents a special view of the motivation of firms and the working of competition. Both these extracts are extensions and additions to the basic text material. If you find that shortage of time will not allow you to digest the basic text *and* read the Turvey and Schumpeter extracts, omit them.
- 2 You will find that in the basic text there are quite a number of points on which it is necessary to refer back to Unit 10. So it will be useful to keep your copy of Unit 10 at hand while you are reading this one, and to have a few pieces of paper to serve as bookmarks.
- 3 You will find a table of costs in the TV Notes which is similar to the one in the text. This may be used as an additional example with which to check your understanding of the concepts of marginal and average cost.

As supporting reading you are referred to Fleming's Introduction to Economic Analysis, chapters 9-12 in the Reader. You will find extracts from Turvey and Schumpeter. The first discusses the economics of costs from a rather different angle from the one in the basic text, and to some extent links up cost and demand considerations. The second presents a special view of the motivation of firms and the working of competition. Both these extracts are extensions and additions to the basic text material. If you find that shortage of time will not allow you to digest the basic text and read the Turvey and Schumpeter extracts, omit them.

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You will find a table of costs in the TV Notes which is similar to the one in the text. This may be used as an additional example with which to check your understanding of the concepts of marginal and average cost.

D100

Unit 12

MARKETS AND PRICES

- 1 Read the main correspondence text pages. Do the Self-assessment Questions and check your answers. The answers show the page on which the point concerned was explained and you should go back to this if any of your answers do not agree with those given.
- 2 This unit builds on the concepts introduced in Units 10 and 11, particularly Unit 11, and it might help you to have them readily available for reference.
- 3 As noted earlier, people tend to have widely varying aptitudes for economics. Some find it easy but others have difficulty in getting to grips with the concepts and way of thought involved. Some of you may find part of the unit heavy-going and taking far longer than you allowed. Do not worry about this. The unit is divided into a number of different sections, and if you are having problems, it would be better for you to concentrate on fully understanding just one section than to attempt a cursory acquaintance with the whole of the unit. Generally, you may find that you have to read a section two or three times before the argument becomes clear. A good way of understanding the diagrams is to draw them yourself as they are being explained in the text. So have some scrap paper handy.
- 4 Read chapter 12 in the Reader which covers the latter part of the unit.
- 5 The subject matter of this chapter is covered in chapters 13–17 of Fleming. He, however, goes into the subject in much more detail than is needed at this stage. *This reading should therefore be regarded as optional* if you have got the time and are interested in more detailed treatment, or if some section of the correspondence unit is not clear.
- 6 The television programme will revise the subject of the equilibrium price dealt with in the first part of the unit. The radio programme is not connected with the subject matter of this unit.

Read the main correspondence text pages. Do the self-assessment questions and check your answers. The answers show the page on which the point concerned was explained and you should go back to this if any of your answers do not agree with those given.

This unit builds on the concepts introduced in Units 10 and 11, particularly Unit 11, and it might help you to have them readily available for reference.

As noted earlier, people tend to have widely varying attitudes to economics. Some find it easy but others have difficulty in getting to grips with the concepts and way of thought involved. Some of you may find part of the unit boring and taking far longer than you allowed. Do not worry about this. The unit is divided into a number of different sections, and if you are having problems, it would be better for you to concentrate on fully understanding just one section than to attempt a cursory acquaintance with the whole of the unit. Generally, now that you have to read a section two or three times before the argument becomes clear. A good way of understanding the diagrams is to draw them yourself as they are being explained in the text. Do have some graph paper handy.

Read chapter 12 in the Reader which covers the latter part of the unit.

The subject matter of this chapter is covered in chapters 13-17 of Fleming. He, however, goes into the subject in much more detail than is needed at this stage. This reading should therefore be regarded as optional if you have not the time and are interested in more detailed treatment, or if some section of the correspondence unit is not clear.

The television programme will review the subject of the correspondence unit with in the first part of the unit. The radio programme is not connected with the subject matter of this unit.

D100

Unit 13

THE SOCIOLOGY OF ECONOMIC BEHAVIOUR

Either when you have finished reading the correspondence unit, or when you come to relevant references in the unit, read the Reader passage for this week. Then read chapter 12 of Chinoy, *Society*, and chapter 5 of Worsley *et al.*, *Introducing Sociology*.

THE SOCIOLOGY OF ECONOMIC BEHAVIOUR

After you have finished reading the correspondence unit, or when you come to relevant references in the unit, read the Reader Journal for this week. Then read chapter 12 of *Classical Sociology* and chapter 2 of *Writing as a Sociological Strategy*.

Self Assessment Questions

D100

Unit 10

ECONOMIC WANTS

In each of the following sets of choices, only one of the alternatives is correct. Circle the one you think is right. Check your answers against those given at the end of the questions.

TEST 1

- 1 If the demand curve for a commodity slopes downwards very steeply from left to right:
 - A to induce consumers to buy more of the commodity, a relatively large reduction in the market price will be necessary
 - B when the market price is increased, consumers will reduce the quantity bought very sharply
 - C even when the price is increased, the sellers of the commodity do not reduce their output very much so that sales are not much less than before
 - D when the price is reduced fairly sharply, consumers increase the amount of money they spend, but not by very much
 - E the commodity is not a very popular one, because demand would be more responsive to price-changes if it were
- 2 Statistics show that the consumption of beer increased during the nineteen-sixties, even though the price per pint also went up. It can therefore be deduced that:
 - A the demand curve for beer is an exception to the general rule that demand curves slope downwards from left to right
 - B beer is habit-forming
 - C an increase in price induces people to drink more beer
 - D the price of beer must have been falling relatively to the general price level of all consumer goods, so that the demand curve was downward sloping after all
 - E over a period of years, the curve must have shifted because of changes in population and other background factors (i.e. the 'parameters')

TEST 2

- 1 The 'marginal utility' of a commodity is:
 - A the total satisfaction it yields, divided by the number of units consumed

D100 Unit 10

- B the excess of the satisfaction derived from a unit of the commodity, over that derived from a unit of some other commodity
 - C the increase in total satisfaction derived from an additional unit of the commodity
 - D the usefulness of the commodity in some additional use for which it was not primarily intended
 - E the utility of the unit which was most recently consumed
- 2 The 'marginal utility' of any commodity becomes smaller and smaller, the larger the quantity consumed by an individual, because:
- A the 'Law of Diminishing Utility' says it must do so
 - B the more money the consumer spends on the commodity, the less he will have left over for other purposes
 - C no one really needs more than a certain amount of food, clothing, etc., so that anything above this minimum is an unnecessary luxury
 - D there must be a 'saturation point' at which the individual has so much of the commodity that he would not want any more even as a gift
 - E after a time, people get used to consuming the commodity and do not get as much satisfaction from it as they once did

TEST 3

- 1 If an additional unit of commodity A would give you more satisfaction than the marginal unit of B, and the price per unit is the same in both commodities, then:
- A you should increase your expenditure on A and reduce your expenditure on B
 - B you should buy more B and less A
 - C you should spend all your money on A, and not buy any B at all
 - D you should offer a higher price for A and a lower price for B
 - E you were spending too much money on A to begin with

TEST 4

- 1 'Complementary goods' are:
- A such that a given quantity of one of them is wanted if a consumer possesses a given quantity of the other

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- B goods which can easily replace one another
 - C goods which are usually sold together
 - D such that, if the price of one rises, the demand for the other increases
 - E goods which are given away free
- 2 The 'income effect' of a price increase is:
- A to reduce the quantity of the commodity the consumer wants to buy
 - B to reduce the purchasing power of the consumer's income
 - C to increase the purchasing power of the consumer's income
 - D to cause him to buy more because his income has gone up
 - E to lead to demands for higher wages

TEST 5

- 1 If a price reduction of 5% causes the demand for a commodity to rise 10% the 'price-elasticity of demand' is equal to:
- A $\frac{1}{2}$
 - B $2\frac{1}{2}$
 - C 10
 - D 2
 - E 5
- 2 'Marginal revenue' is:
- A the change in total revenue which occurs when a commodity's price is reduced by 1%
 - B the percentage change in total revenue when price changes by 1p
 - C the change in total revenue which occurs when the quantity sold changes by one unit
 - D the percentage change in quantity sold when total revenue changes by 1%
 - E any addition to a firm's total proceeds from sales

ANSWERS

TEST 1

- 1 A
- 2 E

TEST 2

- 1 C
- 2 D

TEST 3

- 1 A

TEST 4

- 1 A
- 2 B

TEST 5

- 1 D
- 2 C

D100

Unit 11

PRODUCTION AND SUPPLY

In each of the following sets of choices, only one of the alternatives is correct. Circle the one you think is right. Check your answers against those given at the end of the questions.

TEST 1

1 'Supply' is defined as:

- A the quantity of a commodity which is produced in a given period of time
- B the quantity that the sellers of the commodity are willing to put on the market
- C the quantity actually sold in the market
- D the quantity of a commodity which is actually in existence at a given moment of time
- E the process by which the commodity is being produced

2 One of these is not a 'factor of production' in the sense given in the unit. Which is it?

- A the labour-power of foundry workers
- B a tract of farmland in Devon
- C the printing-presses of a London newspaper
- D the share capital of a manufacturing company
- E an office block in the centre of Manchester

TEST 2

1 Diminishing returns occur because:

- A when all the available factors of production are in use, their efficiency is bound to decline
- B the factors of production are not perfect substitutes for one another
- C the longer production goes on, the greater the tendency for soil to become exhausted and for machinery to develop breakdowns
- D as more and more output is produced, a larger proportion of it is likely to be faulty
- E there is a physical limit to the supply of the factors of production

TEST 3

- 1 'Capitalrent' is defined as:
 - A the amounts paid for the hire of machinery by firms which do not own their own equipment
 - B the interest paid on a company's fixed-interest borrowing
 - C the rent a firm has to pay on its factory buildings if it does not itself own them outright
 - D the cost of employing capital equipment whether or not the firm owns the equipment itself or hires it from someone else
 - E the initial cost of buying plant and equipment for use in the productive process
- 2 Only one of the following items counts as a 'variable cost' in the short run. Which is it?
 - A the 'capital rental' of a firm's plant and equipment
 - B the cost of employing night watchmen
 - C the cost of the materials from which the firm's product is made
 - D the interest the firm pays on borrowed funds
 - E the wages of its office staff
- 3 A firm's average cost of production falls as its output increases, up to some level of output at which average cost reaches a minimum. Over this range of output:
 - A marginal cost must be less than average cost
 - B marginal cost falls as output increases, as long as average cost is falling
 - C marginal cost will be half the amount of average cost
 - D total cost must also be falling
 - E total cost must be fixed
- 4 To make the largest possible profit, a firm must:
 - A produce the quantity of output at which the excess of price over average cost is greatest
 - B produce the output at which the excess of price over marginal cost is greatest
 - C produce the output at which marginal cost is equal to marginal revenue
 - D work out its average production cost, and add the highest possible profit margin

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- E produce the largest output it can sell at the normal market price

TEST 4

- 1 If the 'elasticity of supply' is 2.5, this means that if the price of the commodity were to rise by 1%
 - A supply would be increased by $2\frac{1}{2}$ units every day
 - B supply would increase by $2\frac{1}{2}\%$
 - C supply would fall by $2\frac{1}{2}\%$
 - D supply would rise by 1% for every $2\frac{1}{2}\%$ increase in price
 - E supply would rise by 1% of $2\frac{1}{2}\%$
- 2 In a perfectly competitive market, the fact that the supply curve normally slopes upwards from left to right shows that:
 - A to induce an increase in production, the market price must rise to cover the costs of the firms whose production costs are highest
 - B all firms are taking advantage of increases in demand in order to raise their prices well above the level of average cost
 - C some firms must be producing a higher-quality product than others, so that their production costs are necessarily higher
 - D profit margins are being unfairly increased
 - E consumers are willing to pay higher and higher prices in order to persuade firms to increase their production of the commodity

ANSWERS

TEST 1

- 1 B
- 2 D

TEST 2

- 1 B

TEST 3

- 1 D
- 2 C
- 3 A
- 4 C

TEST 4

- 1 B
- 2 A

produce the largest output it can sell at the normal market price

TEST 4

If the 'elasticity of supply' is 2.5, this means that if the price of the commodity were to rise by 1%:

- A supply would be increased by 2.5% every day
- B supply would increase by 2.5%
- C supply would fall by 2.5%
- D supply would rise by 1% for every 2.5% increase in price
- E supply would rise by 12.5%

In a perfectly competitive market, the fact that the supply curve normally slopes upwards from left to right shows that:

- A in order to increase its production, the market price must rise to cover the cost of the extra output produced, and this cost is higher
- B all firms are taking advantage of economies of scale in order to raise their prices well above the level of average cost
- C some firms must be producing a disproportionately smaller than others, so that their production cost is proportionally higher
- D profit margins are being actively increased
- E consumers are willing to pay higher and higher prices in order to persuade firms to increase their production of the commodity

ANSWERS

TEST 1

- 1 B
- 2 D

TEST 2

- 1 B

TEST 3

- 1 D
- 2 C
- 3 A
- 4 C

TEST 4

- 1 B
- 2 A

Self Assessment Questions

D100
Unit 12
MARKETS AND PRICES

TEST 1

Circle the answer which you think is correct.

- 1 The equilibrium price is where:
 - A price is equal to what buyers wish to pay
 - B the price at which everything for sale is sold
 - C price is equal to what sellers wish to charge
 - D the price at which both buyers and sellers are satisfied
- 2 When the gates are closed at a football game, with people locked outside, this is a situation of:
 - A excess demand
 - B excess supply
 - C equilibrium price
- 4 If the equilibrium price is 40 pence, a price of 30 pence is likely to produce a situation of:
 - A excess demand
 - B excess supply
 - C neither

TEST 2

Circle the answer which you think is correct

- 1 If the wages paid to farm workers rise and other things do not change, this is likely to mean the supply curve for apples:
 - A shifts to the left
 - B shifts to the right
 - C shifts either left or right
 - D shows no change
- 1 If the price of margarine falls and other things do not change, the demand curve for butter is likely to:
 - A shift to the left

- B shift to the right
- C change its shape
- D show no change
- 3 The demand for bread is inelastic. A new method of baking reduces costs and enables substantially more bread to be produced at any given price. In the long run the new equilibrium price is likely to be:
- A a little higher than the old equilibrium price
- B a little lower than the old equilibrium price
- C substantially higher than the old equilibrium price
- D substantially lower than the old equilibrium price
- 4 Due to a change in fashion, the demand for mini-skirts is reduced. At any given price, consumers are not willing to buy as much as they did before. However, the supply of mini-skirts is elastic, with manufacturers being able to switch to producing something else pretty quickly. In this situation the effect of a shift in demand will be:
- A to reduce equilibrium price relatively more than equilibrium output
- B to reduce equilibrium output relatively more than equilibrium price
- C to have the same relative effect on both equilibrium price and equilibrium output

TEST 3

1

Column X	Column Y
Degree of substitutability	Description of monopoly power
1 No substitutes	
2 Few substitutes	
3 Fairly close substitutes	
4 Complete substitutes	

Column X describes the degree of substitutability between different goods in a particular market. This will determine the extent of the

monopoly power in that market. Below are four descriptions of monopoly power. Insert the description in Column Y that corresponds to the degree of substitutability in Column X.

A weak B no C complete D strong

Circle the answer which you think is correct

- 2 A firm with a certain degree of monopoly over its product knows that if it reduces its present price by 10% this will only increase its output by 7%. It therefore knows that at the new price its marginal revenue is:
- A positive
 - B more than its average revenue
 - C negative
 - D exactly the same as its average revenue
 - E equal to its marginal cost
- 3 If the demand curve for a firm's product slopes downwards to the right, this means that it will maximise profits by producing to the point at which:
- A marginal cost equals price
 - B marginal revenue equals price
 - C average cost equals average revenue
 - D marginal cost equals marginal revenue
 - E marginal revenue is zero
- 4 The marginal cost curve of a monopolist will, at the point at which profits are maximised:
- A be equal to price
 - B be below price
 - C have no relationship to price
 - D be above price
- 5 If new firms enter a monopolistically competitive market, the demand curve of existing firms is likely to:
- A shift to the left

- B shift to the right
- C show no change
- D be unpredictable

TEST 4

Circle the answer which you think is correct

- 1 The price system allocates resources by:
 - A acting on supply
 - B making the amount consumers wish to buy equal to the amount sellers wish to sell
 - C acting on demand
 - D telling people what to produce
 - E making sure that everybody gets the amount they want
- 2 Resources are allocated most efficiently:
 - A if every good produced is sold
 - B if no excess demand exists for any product
 - C if every good is produced to the point at which marginal cost equals marginal revenue
 - D if every good is produced to the point at which marginal cost equal price
 - E if every good is produced to the point which maximises the firm's profits
- 3 The effect of economies of scale is:
 - A to lower the cost per unit of output
 - B to raise the cost per unit of output
 - C to lower the revenue per unit of output
 - D to raise the revenue per unit of output
- 4 A monopoly can lead to innovation because:
 - A the producer is under pressure to introduce new goods

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- B scientists and technologists are more interested in working in a monopoly situation
- C monopoly profits can be used for research and development
- D monopolists can tax people and spend the money on research and development
- 5 The price system is a fair method of deciding which people get which goods only if:
- A it gives goods to people who can afford them
- B it ensures that no one goes hungry
- C people are happy with the amount they earn
- D everyone obtains the same amount
- E the amount people earn is also agreed to be fair
- 6 A factory produces soaps and bleaches. State whether you think the following costs are private or social costs: (Delete term not applicable.)
- A the costs of strikes in the industry private/social
- B the costs of the employees' welfare scheme private/social
- C the cost to the local council of removing effluents from the river which runs behind the factory private/social
- D the costs of putting a non-poisonous ingredient into the soap as enforced by the Government private/social
- E the costs of cleaning the laundry in nearby houses made dirty by smoke from the factory private/social

ANSWERS

TEST 1

- 1 D p.62
- 2 A pp.61-2
- 3 B p.62
- 4 A p.62

TEST 2

- 1 A p.63
- 2 A p.64
- 3 D pp.64-6
- 4 B pp.67-8

TEST 3

- 1 1C : 2D : 3A : 4B pp.70- 1
- 2 C pp.71-.3
- 3 D pp.73- 5
- 4 B pp.73- 5
- 5 A pp.75- 6

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TEST 4

- 1 B p.79
- 2 D pp.80-1
- 3 A pp.81-2
- 4 C p.82
- 5 E p.83
- 6 A private : B private : C social
D private : E social p.84

D100

Unit 13

THE SOCIOLOGY OF ECONOMIC BEHAVIOUR

- 1 Which of the following statements would you agree with?(2)
 - A As an economic unit, the family is relatively inflexible
 - B Family businesses sometimes result from the need to concentrate capital
 - C Particularism is rarely associated with family businesses
 - D The inheritance system of primogeniture tends to disperse capital
 - E The interests of the family and the economy are usually coincidental
- 2 Which of the following statements do you consider to be untrue?(3)
 - A 'Values' and 'norms' are always interchangeable words
 - B 'Values' and 'norms' are sometimes interchangeable words
 - C An individual may have values which differ from his own personal norms
 - D Values are part of the pattern of social culture
 - E Values do not usually affect individual behaviour
- 3 Which three of the following words would you associate with a large industrial firm which stresses family ties with existing workers when it recruits new employees? (1-8)
 - A universalism
 - B rationality
 - C merit
 - D particularism
 - E ascription
 - F objectivity
 - G intelligence
 - H consanguinity
- 4 Which of the following statements do you agree with?(1-8)
 - A Educational systems precisely reflect the values of the societies to which they belong

- B Educational systems partly reflect the values of the societies to which they belong
 - C Educational systems are only sub-systems of the social system to which they belong
 - D Educational systems are social systems in their own right
- 5 According to Harry M. Johnson there are seven kinds of rights which may be exercised over things: (4)
- A possession
 - B use
 - C alteration
 - D using up
 - E usufruct
 - F income
 - G disposition

If Mr. Driver hires a car from Mr. Owner, which of the above rights, during the period of the hire, are:

- (a) certainly acquired by Mr. Driver
 - (b) certainly not acquired by Mr. Driver
- 6 In history, structure, and ownership the Ford, Renault and Leyland car firms display some quite profound differences. Managerial behaviours within large car firms such as Ford, Renault and Leyland are not likely to differ dramatically from each other. (Select the best reason.) (6-7)
- A Managers are all the same, whatever country they are in
 - B It is relatively unimportant who owns or manages the firm
 - C Assembly line car production imposes considerable constraints on managerial behaviour
 - D The workers' militancy forces automobile executives to form a united front
 - E There is only really one way to organise car production
- 7 Classify the following posts and opportunities under one of these headings: (8)
- A primarily ascription
 - B primarily achievement
 - C probably a mixture of both
- (a) Nobel prizewinner for Science

- (b) the Earl Marshal
- (c) entry to some printing unions
- (d) a successful career on the Stock Exchange

ANSWERS

- 1 B
- 2 A : D
- 3 D : E : H
- 4 A is rarely true in modern societies; the rest can all be true, and are partly a matter of opinion
- 5 (a) A, B and perhaps D (e.g. using up the tyre tread)
(b) F (if he sub-lets)
- 6 C
- 7 (a) B (b) A (c) A (d) C

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(a) The East India Company

(c) entry to some printing unions

(d) a successful career on the Stock Exchange

ANSWERS

1. B

2. A-D

3. D-E-H

4. As much as in modern societies, the rest can all be done and the quality a matter of opinion

5. (a) A-B and perhaps C (e.g. using up the time taken)
(b) F (in subjects)

6. C

7. (a) B (b) A (c) A (d) C

D100

Radio Programme 10

THE CONSUMER AND THE MARKET

Broadcast Notes

The radio broadcast discusses a number of issues concerning wants and market demand which could not be dealt with in the correspondence unit for lack of space. In particular, it considers the extent to which governments could intervene in the market with the object of increasing the satisfaction of wants. Some reference is made to J.K. Galbraith's 'The Dependence Effect' (pp. 204-7 of the Reader) and it would be desirable to read this before the broadcast if you have time. It is not necessary to take notes on the content of the programme.

The radio broadcast discusses a number of issues concerning wants and market demand which could not be dealt with in the correspondence unit for lack of space. In particular, it considers the extent to which governments could intervene in the market with the object of increasing the satisfaction of wants. Some reference is made to J. K. Galbraith's 'The Dependent Effect' (pp. 104-7 of the Reader) and it would be desirable to read this before the broadcast. If you have time, it is not necessary to take notes on the content of the programme.

The correspondence unit deals in part with how the cost of producing a good varies with the size of output. The radio programme which is called 'Costs and size' will look at this by applying it to the actual size of factories in British industry.

The information in the tables below will be referred to in the course of the programme and *these notes should be kept next to you for easy reference when listening.*

Size of factories in British industry in 1963
Analysis of manufacturing industry by size of establishment
within each industry

Industry	X	Y	
	Size groups	Net output	
	Employees per establishment	£M	%
TOTAL MANUFACTURING INDUSTRY	1 - 24	629	6
	25 - 99	1143	11
	100 - 499	3089	29
	500 - 999	1572	15
	1,000 - 2,499	2055	19
	2,500 - 4,999	1114	10
	5,000 - 9,999	626	6
	10,000 & over	480	4
	Total	10708	100

Industry	Size groups	Net output	
	Employees per establishment	£M	%
SMALL OR MEDIUM SIZE FACTORIES Women's and girls' tailored outerwear	1 - 24	6 . 9	16
	25 - 99	14 . 0	32
	100 - 499	17 . 4	40
	500 & over	4 . 9	12
	Total	43 . 2	100
	Bricks, fireclay and refractory goods	1 - 24	4 . 9
25 - 99		27 . 9	33
100 - 499		38 . 0	45
500 & over		13 . 2	16
Total		84 . 0	100

MAINLY LARGE SIZE FACTORIES			
Aircraft manufacturing and repair	1 - 24	1 . 4	—
	25 - 99	3 . 9	1
	100 - 499	24 . 9	8
	500 - 999	27 . 6	9
	1,000 & over	263 . 8	82
	Total	321 . 6	100
Motor vehicle manufacturing	1 - 24	10 . 6	1
	25 - 99	16 . 3	2
	100 - 499	62 . 2	9
	500 - 999	50 . 9	7
	1,000 & over	589 . 7	81
	Total	729 . 7	100

D100

Radio Programme 12
REVIEW AND REVISION

Broadcast Notes

This programme is not linked with Unit 12. Its function is to clarify problems that have been raised about earlier units.

Broadcast Notes

1988
Radio Program 12
REVIEW AND REVISION

This program is not linked with Unit 12. Its function is to clarify
problems that have been raised about earlier units.

D100

Radio Programme 13

SOCIAL FACTORS IN THE JAPANESE ECONOMY

This programme deals with the Japanese economy. Before listening try to read Shizuo Matsushima's article on 'Labour-Management Relations in Japan' which is in the Reader. Professor Ronald Dore, who takes part in this programme is the author of a number of books on Japan. One of them is: R.P. Dore, *City Life in Japan* London, Routledge and Kegan Paul, 1958.

0100

Radio Program 12

SOCIAL FACTORS IN THE JAPANESE ECONOMY

This program deals with the Japanese economy. Before listening try to read Shibusawa Yasumasa's article on 'Labor-Management Relations in Japan' which is in the Reader. Professor Kenneth Buse, who takes part in this program is the author of a number of books on Japan. One of them is: R.P. Buse, 'Life in Japan' London, Routledge and Kegan Paul, 1952.

D100

INTRODUCTION UNITS 10–12

The tables and diagrams included in these notes are for those of you who would either like to look back to what was presented in the TV programme, or to prepare and familiarise your selves in advance with the contents of the programme.

Studying the tables and diagrams in these notes is not a prerequisite for watching the TV programmes. You do not need to take notes during the programme.

INTRODUCTION UNITS 10-12

The tables and diagrams included in these notes are for those of you who would rather like to look back to what was presented in the TV program, or to prepare and familiarize your notes in advance with the contents of the program.

Studying the tables and diagrams in these notes is not a substitute for watching the TV program. You do not need to take notes during the program.

The aim of the TV programme is to familiarise you with diagrams. Graphs and diagrammatic representations will appear on many occasions in subsequent units and it is important to acquire a working knowledge of them at an early stage.

Figure 10.1 in the correspondence text has been drawn as an alternative way of presenting the information conveyed by the table preceding it in the text. It represents a demand curve which indicates how many thousands of units per day will be demanded at different prices.

The TV programme revolves around a different but equally simple example: a market for apples. The information needed to plot the demand curve for apples for that market is given in Table 1.

TABLE 1

Price (pence per kilo)	5	10	13	15
Quantity demanded (kilos per week)	300	200	140	100

Consumers' income: £15,000 per week

It would be a good idea to try and plot this information on a diagram and draw a demand curve for apples by yourselves before seeing the programme. You can then compare your drawing with ours. If you attempt this you should equip yourself with graph paper and use a ruler.

Table 1 presents some of the quantities demanded at different prices when the total income of the consumers composing the market is £15,000 per week.

TABLE 2

Price (pence per kilo)	5	10	13	15
Quantity demanded (kilos per week)	400	300	240	200

Consumers' income: £40,000 per week

Table 2 consists of a different set of price and quantity data. Here quantity demanded is 100 kilos greater at every price, because the consumers' income has increased to £40,000 per week.

You should try to plot these figures on the diagram you used for the data of Table 1, and then compare the two demand curves.

Both diagrams which appear in the programme are reproduced on the next page, and you should try them after you have completed your own attempts.

THE DEMAND FOR APPLES

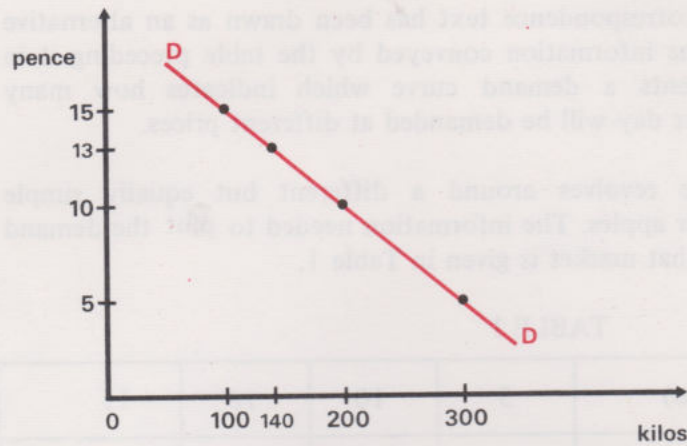


Figure 1 Consumers' income: £15,000 per week

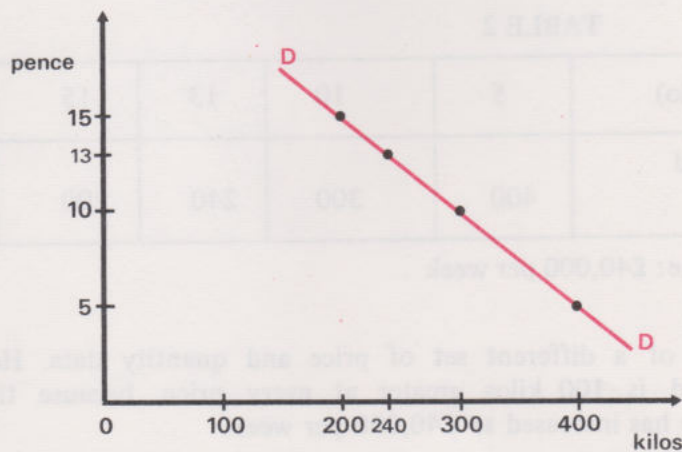


Figure 2 Consumers' income: £40,000 per week

The TV programme is concerned with one of the problems that are mentioned in the correspondence text, namely, to explain the choice of the quantity of output to be produced by the individual firm. It uses for this purpose a hypothetical radio firm, which attempts to maximise its profits within an environment of perfect competition.

The cost table of this firm is very similar to the one which appears on p. 47 of the correspondence text. It is reproduced below as Table 1.

TABLE 1

RADIOS PER DAY	TOTAL COST £	AVERAGE COST £	MARGINAL COST £
1	18	18	
2	28	14	10
3	33	11	5
4	36	9	3
5	41	8.2	5
6	48	8	7
7	60	8.57	12
8	77	9.63	17
9	108	12	31

The revenue table in the programme is reproduced as Table 2. This is based on the assumption that the producer can sell all the radio sets he makes at a price of £16 per set.

TABLE 2

RADIOS PER DAY	TOTAL REVENUE £	AVERAGE REVENUE £	MARGINAL REVENUE £
1	16	16	16
2	32	16	16
3	48	16	16
4	64	16	16
5	80	16	16
6	96	16	16
7	112	16	16
8	128	16	16
9	144	16	16

Do not worry too much about these tables as they will be explained at length during the programme. You may wish to try and plot this information on diagrams before watching the programme, and then compare them with the ones appearing on the screen.

D100
Television Programme 12
MARKET EQUILIBRIUM

This programme brings together the concepts of demand and supply, in order to show how they help to determine an equilibrium price and quantity in the market. It also analyses the effects on the equilibrium of changes in the factors determining demand and supply.

The programme aims to clarify the first part of Unit 12, that is pp. 61-9 of the main text, with the aid of diagrams. You are therefore invited to study these pages before viewing it, provided you have the time.

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The programme aims to clarify the first part of Unit 12, that is pp. 61-2 of the main text, with the aid of diagrams. You are therefore invited to study these pages before viewing it, provided you have the time.

D100

Television Programme 13

THE SOCIOLOGY OF ECONOMIC BEHAVIOUR

1 TRAWLER FISHING: AN EXTREME OCCUPATION

This programme deals entirely with one 'extreme' occupation – that of Hull distant water trawler fishermen. It is based primarily on the following book:

Jeremy Tunstall, *The Fishermen* London, MacGibbon and Kee, 1962.

Trawling takes place off Iceland and on other fishing grounds in the Arctic. It is a very dangerous occupation. An official report, quoted in the programme, found that the death rate in fishing was about five times the death rate in coal mining.

The programme largely deals with five other ways in which fishing is an extreme occupation.

2 FIVE WAYS IN WHICH FISHING IS EXTREME

2.1 The impact of work on non-work

In this occupation a representative man spends his time approximately as follows:

130 days at the fishing grounds (works 18 hours in 24)

120 days steaming out and back (works 8 hours in 24)

250 = Total days at sea in year

35 days ashore between trips

80 days ashore temporarily unemployed

115 = Total days ashore in year

2.2 Exchange relations in fluctuating peer groups

Fishermen are casually employed for a single three-week trip to sea. Crew membership changes each trip. The men are involved in two sorts of intensive group life. Firstly at sea, where they work together in extreme and dangerous conditions. Secondly, they relax together ashore in pubs and clubs.

The term 'backhander' describes:

- (a) A bribe which a fisherman gives to get employment. (Payment by results leads to a desire to go to sea on the new ships which make bigger catches.)
- (b) A 'backhander' can also be money given to a friend, which he may (or may not) return at a later date.

Similar 'exchange' relationships of both a monetary and non-monetary kind exist in other occupations. But fishing is unusual in the very unstable, *fluctuating* membership of these friendship (or peer) groups. It is also extreme in the emotional intensity of the relationship.

2.3 Early entry, early retirement

Boys enter fishing in their middle or late teens; they are 'running away to sea', to escape dead-end jobs and overcrowded housing. They are attracted by what they see as the high cash earnings and the aura of manliness. At marriage many leave the job, but they may return soon after. One man says 'It's like the old cavalry horse hearing the bugle'.

Sometime in their forties most men are forced, by declining physical resilience to retire from the job. No special provision is made for finding them other employment.

In the programme a graph compares the careers of fishermen and members of other occupations. The vertical axis represents *income*.

2.4 The skipper: executive income, working-class identification

Deckhands earn around, or a little above, the average for industrial earnings ashore. The skipper earns about *five times* as much as the deckhands. The skipper on this programme says: 'Well an average trawler skipper (earns) between £5,000 and £6,000 a year. A very successful one, I should say £10,000 a year'. (This skipper was speaking in 1968 and the value of money has since declined.)

Despite these earnings, the skippers tend still to identify with the working class. This follows from the insecurity of their job, their minimal amount of formal education, and their having spent most of their adult lives at sea surrounded by members of the Hull working class.

2.5 The extent to which family, occupation and poverty are connected.

Poverty is a major factor in recruitment to fishing. Other factors connected with fishing such as large family size, and fatherless families, also make poverty more probable. Trawler fishing thus becomes one element contributing towards a cycle of poverty.

3 GENERAL POINTS WHICH EMERGE FROM LOOKING AT THIS EXTREME OCCUPATION

3.1 The impact of work on non-work

Members of occupations strike a bargain with their employer. This bargain includes the amount of disruptive impact work will have on life outside work.

'Normal' family life is attuned to a working day of eight hours or so.

3.2 Exchange relations in fluctuating peer groups

In most occupations exchange and colleague relationships take place within more or less *stable* groups; secondly these relationships at work (among many factory workers for example) lack emotional intensity.

3.3 Early entry, early retirement

Fishing is unusual in having early entry and early retirement. Most occupations which have a normal pattern of early entry usually involve skills (and training) and provide a fairly stable career with a long ascending or 'level' period.

Careers in fishing are more similar to those in such 'glamour' occupations as professional sport and entertainment. (Some fishermen even compare their chance of becoming a skipper with the chorus girl's chance of becoming a star.)

3.4 Skipper: executive income, working-class identification.

People can have 'reference groups' to which they do not belong. The most frequently quoted example is of the person who aspires to improve his social class position and has a reference group which he regards as superior to his (present) position. But in the case of the trawler skipper his reference group remains the ordinary deckhands, a group which in terms of income, power and work situation, he has left.

Another general point is that although small differences in income may not have major social consequences, very large differences in income are usually associated with quite different life styles.

3.5 Family, occupation and poverty

Some other occupations, such as travelling salesman or lumberjack, have a major impact on family life. But few occupations produce the combined impact of financial insecurity, marital breakdown and death, which are features of fishing.

At the other end of the social scale some occupations can be regarded as part of a cycle of affluence. But in the large middle area of skilled manual and white collar occupations one can expect parents to hand on to their children a much less uniform set of 'life chances'.

4 CONCLUSION

Occupations are of considerable interest to sociologists. They are also very important for the economics of labour and the performance of business firms.

Radio programme 17 will deal with 'white collar' workers and social class.

This programme has used an approach sometimes called *deviant case*

analysis. One can analyse an extreme case with a view to throwing light on what is more typical.

We hope that this TV programme, like the radio programme about Japanese industrial relations, will stimulate you into looking afresh at more 'normal' occupations with which you are familiar.

